

Sulzer Ltd Secretariat General Zürcherstrasse 14, P.O. Box 414 CH-8401 Winterthur, Switzerland Phone +41 (0)52 262 11 22 +41 (0)52 262 01 01

www.sulzer.com

Dennis Johnson Senior Portfolio Manager California Public Employees' Retirement System Lincoln Plaza East 400 Q Street, Suite E4800 Sacramento, CA 95814 USA

Our ref. Ge-az

Phone direct +41 (0)52 262 20 77

Fax

Fax direct +41 (0)52 262 00 22

E-Mail direct alfred.gerber@sulzer.com

Document Brief_CalPERS_20060503.doc

Date May 3, 2006

Dear Mr. Johnson

Thank you for your letter addressed to the CEO of Sulzer Mr. U. Berg. On behalf of Mr. Berg I would like to respond to your concerns.

Sulzer Ltd is aware of the potential implications of conducting business in critical countries such as Sudan. We also can confirm that Sulzer Ltd has no operations in Sudan.

Provided that international rules & regulations are followed, Sulzer does, however, not categorically boycott activities in such countries. Our policy is to evaluate projects on a case-by-case basis. If a specific project serves to improve the infrastructure of the country and the standards of living for the population and does not serve to support repression, Sulzer may, subject to approval by the respective division president, choose to participate in certain projects. Specifically in Sudan, Sulzer is currently engaged in two infrastructure projects.

Please be assured that the Board as well as the top management of Sulzer Ltd are fully dedicated to highest standards of compliance as well as corporate governance principles.

Very truly yours,

Gerber Alfred General Counsel